



May 15, 2014

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Stephanie A. Joyce

Attorney
202.857.6081 DIRECT
202.857.6395 FAX
joyce.stephanie@arentfox.com

Re: Notice of Permitted *Ex Parte* Meeting, WC Docket No. 12-375

Dear Ms. Dortch:

On May 13, 2014, Securus Technologies, Inc. (“Securus”), represented by Richard Smith, Chief Executive Officer, Dennis Reinhold, Vice President and General Counsel, and the undersigned counsel, met with Commissioner Mignon Clyburn and her Legal Advisor, Rebekah Goodheart.

Securus discussed the following topics with the Commissioner:

- Securus ceased paying site commissions on interstate calls on February 11, 2014, when the *Inmate Rate Order* (FCC 13-113) became effective. A few other Inmate Calling Service (“ICS”) providers, however, recently have promised to pay them. One such carrier is CenturyLink, an incumbent LEC and IXC with approximately \$18.1 Billion in annual revenue.
- Securus discussed the conduct of a third-party consultant called Praeses, headquartered in Shreveport, LA, which acts as contract agent to many correctional facilities throughout the United States. Praeses has demanded that Securus either continue paying site commissions on interstate calls or replace those funds with fees that would be assessed on a per-inmate or per-inmate telephone basis. Securus maintains that such payments cannot be made out of interstate call revenue, and that this conduct only serves to drive call rates up, rather than down as the Commission has ordered.

Messrs. Smith and Reinhold have spoken to executives at Praeses to explain Securus’s obligations under the *Inmate Rate Order* and the Commission’s holdings about site commissions. Praeses voiced its disagreement and stated that it would continue demanding such commissions and commission-like payments in order for Securus to keep its contracts.

- Ms. Goodheart referred Securus to the Enforcement Bureau regarding this conduct.

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- The FCC does not have jurisdiction over what it terms “ancillary charges” that would more properly be called financial transaction fees. Securus nonetheless has decided not to establish any new transaction fees or raise existing transaction fees.
- The FCC should adopt uniform, final calling rates of \$0.21 per minute for debit/prepaid calls and \$0.25 per minute for collect calls.
- The FCC should reiterate that site commissions should not be included in ICS rates and should enforce that rule to ensure a level playing field for ICS carriers.
- Ms. Goodheart noted that the record thus far indicates support for establishing a tiered rate structure that distinguishes between types of facilities. Securus agreed that the cost structure varies as between large or high-call volume facilities and small or low-call volume facilities. Securus noted, however, that tiered pricing may introduce unhelpful complexity to the market and create customer confusion.
- Securus met with Lee Petro, counsel to Martha Wright, and Cheryl Leanza, counsel to the United Church of Christ to relay to them the proposals stated herein and invite ongoing cooperation to find workable rules for ICS.
- Securus has experienced an increase in call volume since the *Inmate Rate Order* became effective. Interstate call volume in March 2014 was 20-30% higher than in March 2013, and rates decreased 39% under the same comparison. This increase, Mr. Smith explained, is only approximate and might not be fully attributable to the *Order*, because other factors such as additional types of convenient payment methods and other Securus initiatives may have contributed to demand. Gross interstate revenue attributed to the *Inmate Rate Order* decreased by approximately 17%.

Securus provided Ms. Goodheart with a copy of the attached document.

This disclosure is made in compliance with 47 C.F.R. § 1.1206(a)(1).

Please do not hesitate to contact me with any questions: 202.857.6081.

Sincerely,

s/Stephanie A. Joyce

Counsel to Securus Technologies, Inc.

Arent Fox

Cc: Rebekah Goodheart, Legal Advisor to Commissioner Clyburn
Kalpak Gude, Chief, Pricing Policy Division, Wireline Competition Bureau
Via electronic mail

Praeses Circumvents Commissions

Rick Smith

From: Joshua Conklin
Sent: Friday, May 09, 2014 3:00 PM
To: Rick Smith; Dennis Reinhold
Subject: FW: Compensation Adjustments - Emerald, Sarasota and Monterey

4/11/14

Mr. Smith/Rick:
Mr. Reinhold/Dennis:

Per a conversation with Mr. Pickens, I am forwarding this communication from Praeses around changes they are requesting for our mutual customers who have lost commission dollars post FCC order. The request is either to increase commission payments on intrastate calling, or to change to something that is not called commissions, but is by another name, a commission payment not tied to the call type. Also note, they are requesting that we make adjustments back to the order's inception.

JC

From: Ann O'Boyle [mailto:ann.oboyle@praeses.com]
Sent: Friday, April 11, 2014 10:32 AM
To: Joshua Conklin
Subject: Compensation Adjustments - Emerald, Sarasota and Monterey

Good morning, Josh.

Happy Friday! Hope you guys had a wonderful time in Hawaii!!

On behalf of Sarasota County Sheriff's Office, Emerald Companies and Monterey County Sheriff's Office, Praeses is submitting the following compensation adjustments for your review.

- Sarasota – 0% commission on interstate Gross Revenue; 65.5% commission on all Gross Revenue less interstate.
- Emerald
 - Option 1 – 0% commission on all Gross Revenue; transition to a Recovered Expense by Inmate approach with the following amounts:
 - LaSalle - \$50.03 per inmate per month
 - Rolling Plains - \$62.66 per inmate per month
 - San Luis - \$14.59 per inmate per month
 - West Texas - \$ 25.96 per inmate per month
 - Option 2 – 0% commission on all Gross Revenue; transition to a Recovered Expense by Inmate Telephone Station approach with the following amounts:
 - LaSalle - \$123.53 per station per month
 - Rolling Plains - \$488.36 per station per month
 - San Luis - \$95.31 per station per month
 - West Texas - \$178.10 per station per month

With any of these options (per customer), we would need to ensure we apply the method going back to the February 2014 traffic month and true-up as necessary.

Please let me know when we can discuss and I will be happy to make myself available.

Thanks!

Ann O'Boyle

Correctional Services Division

Toll Free: (800) 333-8856 x.3116

Direct Line: (318) 841-3116

Mobile: (318) 655-4804

ann.oboyle@praeses.com

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